

BUILDING LINCOLN'S FUTURE . . .

Mayor's Advisory Committee

Streets,

Roads,
and

Trails



2004 April

Interim Report
SRT Committee to
Lincoln Mayor Seng

Report Preamble

Our Challenge

Lincoln is a great place to live. Quality schools, vibrant neighborhoods, strong businesses, good jobs, beautiful parks, and a wonderful trails system contribute to a very high quality of life. Because of the foresight of generations who built our community, Lincoln is a great place to live.

Now, it is time for our generation to address the quality of life issues for the next generation of Lincolniters. If we want a community that continues to create jobs that pay good wages, is free of traffic congestion, and has enough affordable housing for families, then we have to make a plan.

✓ Create Jobs

Infrastructure Investment Creates Good Jobs with Good Wages and Benefits:

- Job creation will occur at all levels of the workforce.
- Road construction itself will create a large number of jobs.
- Housing and office construction will create labor and trade jobs.
- White-collar jobs will be created as existing businesses expand and out-of-town employers relocate.

✓ Provide Affordable Housing

Infrastructure Investment Provides Affordable Housing:

- Affordable housing in our community makes Lincoln a more inviting city for existing businesses and businesses seeking to relocate.
- Affordable housing helps keep young families in Lincoln so our children and grandchildren can enjoy the same opportunities we have had.
- Building affordable housing provides jobs for people in the construction industry.

✓ Ease Traffic Congestion

Infrastructure Investment Eases Traffic Congestion:

- Traffic congestion is mentioned as one of Lincoln's top problems in every community survey. Obviously citizens view this as a major problem.
- Traffic delays waste our personal and work time and are a major cause of stress in our lives.
- Congestion is a problem today and will only get worse. We must catch up now to prepare for future changes in our community.

✓ Enhance Public Safety

Infrastructure Investment Enhances Public Safety:

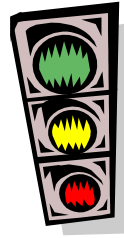
- Lincoln is a safe community now, but as new areas are added on the city's edge we need to make sure those residents have adequate roads for police and fire services to reach them.
- Congested streets make traffic accidents more common and results in higher insurance rates.
- Properly designed and built streets provide a greater measure of safety for cars, bicycles, and pedestrians.

✓ Save Money Now

Infrastructure Investment Saves Money Now:

- Lincoln's good bond rating and low interest rates mean we can save taxpayer dollars by investing now in our streets and utilities.
- Delaying much needed projects only increases their costs through inflation and higher prices for purchasing right-of-way property.
- Better streets brings new residents and commercial development to Lincoln and adds sales and property tax revenues to our economic base.

Table of Contents



CHAPTER	PAGE
Introduction	1
SRT Committee Membership	2
Mayor's Charge Statement to the SRT Committee	3
Summary of Recommendations from May 2003 (MIFC) Report	4
Streets and Roads	4
Water and Wastewater Utilities	5
Changes in Past 12 Months	6
Remaining Capital Funding Gaps	8
Streets and Roads	9
Water and Wastewater Utilities	9
SRT Committee Findings	10
Viable Options for Funding Streets and Roads	10
<i>Near Term</i>	
City of Lincoln Generation Obligation (GO) Bonds	10
Joint Public Agency (JPA)	11
City Occupation Tax on the Retail Sale of Gasoline	12
Vehicle Retail Sales Tax Receipts	13
Interlocal Agreement Between Lancaster County and City of Lincoln	13
Continue to Seek Increase in State Fuels Tax Dedicated to Cities & Counties ...	14
Seek State Contribution to South Beltway Local Match	15
Strongly Lobby for Additional Federal Funds	15
<i>Intermediate Term</i>	
Joint Public Agency (JPA)	15
Worker Tax	15
Interlocal Agreement Between Lancaster County and City of Lincoln	16
Continue to Strongly Lobby for Additional Federal Funds	16
Second Generation of Infrastructure Financing Options	16
Impact Fee Backup Plan	17
Water and Wastewater Utility Rate Increases	19
Special Assessment Districts Review	19
Multi-Modal Transportation Statement	21
Program for the Efficient Conversion of Rural Roads to Urban Streets	22
Community Dialogue Forums	27
Appendix	
Mayor's Charge Statement to SRT Committee	

Building Lincoln's Future . . .

Streets, Roads, and Trails

INTERIM REPORT TO MAYOR SENG

2004 April

The further expansion and continued maintenance of public infrastructure stands as one of the greatest challenges facing our community. Lincoln's economic potential remains strong. Our existing neighborhoods are vital and robust. We are poised at a watershed mark in the city's history. Keeping our present infrastructure investment healthy while adding much needed capacity are key planning and development objectives. All areas of Lincoln can and do benefit from such investments.

Central to these policies is the community's expressed interest in ensuring a sound street, road, and trails network for future generations. Such a network can effectively and efficiently support our community's diversity of life styles. It should function at a fiscally responsible level as it supports neighborhood and quality of life goals.

But as past efforts have demonstrated, a quality system of streets, roads, and trails does not come without a community-wide commitment. The public and private sectors have invested millions and millions of dollars to create a broad network of travel ways. These past expenditures have served all of us well. We stand appreciative to the foresight and selflessness of past generations.

As we now look to the future city we are about to create, the challenge we must confront is how to meet the need for streets, roads, and trails as demands for such new transportation facilities lay forth on the horizon.

To address this challenge, Lincoln Mayor Coleen Seng formed the "Mayor's Advisory Committee on Streets, Roads, and Trails" (SRT Committee) in January of 2004. This Committee was asked to identify options for funding Lincoln's streets, roads, and trails program. This Interim Report from the SRT Committee presents their findings and offers options to the Mayor on the next steps needed to address Lincoln's infrastructure financing issues.



The balance of this Final Report from the Mayor's Advisory Committee on Streets, Roads, and Trails is divided into the following six sections:

- SRT Committee Membership
- Mayor's Charge Statement to the SRT Committee
- Summary Recommendations from May 2003 (MIRC) Report
- Changes in Past 12 Months
- Remaining Capital Funding Gaps
- SRT Committee Findings

■ **SRT Committee Membership**

In forming the group, Lincoln Mayor Seng sought a diversity of membership on the SRT Committee. Members were drawn from a broad range of backgrounds and interests, along with the underlying understanding that the individuals selected for membership should represent and reflect the common concerns of the community, and be willing and able to work toward a consensus position. The initial working membership list included the following members:

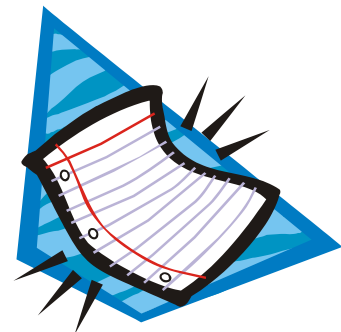
- Brad Korell (Chair)
- Russ Bayer (Chair)
- Jan Gauger (Chair)
- Dan Marvin (Chair)
- Jim Fram
- Kent Seacrest
- Carol Brown
- Roger Severin
- Bob Hampton
- Polly McMullen
- Bruce Wright
- Clint Burge
- Mark Hunzeker
- Gates Minnick
- Mark Hesser
- Doug Rotthaus
- Bill Giovanni
- Jennifer Brinkman
- Larry Zink
- Richard Meginnis

■ **Mayor's Charge Statement to the SRT Committee**

The task assigned to the Streets, Roads, and Trails Committee grew out of work completed by a previous group entitled the “Mayor’s Infrastructure Finance Committee,” or MIFC. This earlier committee examined Lincoln’s infrastructure financing needs for not only streets and highways, but also water, wastewater, stormwater, and parks.

The MIFC presented its recommendations to the Mayor and City Council in May of 2003. While many of their recommendations were adopted and acted upon by the Administration and City Council, significant issues facing the funding of the Lincoln’s transportation network remained. Mayor Seng determined that a follow up committee should be formed. The group’s assignment would be to take an additional look at the City’s future street and trails program and to identify reasonable means to finance much needed facility maintenance and construction.

In January, 2004, the Mayor created the “Mayor’s Advisory Committee on Streets, Roads, and Trails.” The stated charge of the SRT Committee was to “seek a community consensus on how best to finance Lincoln’s future street, roads, and trails funding gap.” This Committee was to build off the accomplishments of MIFC and to define an array of road financing options for presentation to the elected officials.



The SRT Committee was also asked by the Mayor to pursue “educational and informational activities” to impart upon Lincoln residents the importance of investing community resources in infrastructure as a means of maintaining Lincoln’s “long term quality of life and economic vitality.”

While given up to a year to undertake these tasks, it was clear from the start that the SRT Committee needed to immediately focus on finding suitable and realistic funding options for meeting the City’s roadway challenges. This task needed to be done within the context of several “Key Working Assumptions.” These included (in summary form) the following:

1. The City-County Comprehensive Plan was to serve as the basic framework for the financial planning process. Implementation was to be closely coordinated with the City’s capital improvement programming process.

2. Funding priority was to be given to existing facilities, followed by projects of broad community benefit, and then improvements that furthered planned urban growth.
3. Sidewalk rehabilitation was assumed at \$6 million over the next six years and trail rehabilitation was to be assumed at \$3.5 million from 2004 to 2009.
4. Impact fees were to be assumed part of the overall funding program.
5. The areas of responsibility were to include transportation infrastructure (i.e., streets, highways, trails and sidewalks), as well as water, wastewater, stormwater and parks.
6. Implementation of various “cost saving and efficiencies” recommendations from the MIFC process would occur.
7. Street rehabilitation would continue with expansion of the effort most likely to occur following completion of a street quality assessment program.

A complete copy of Mayor Seng’s Charge to the Advisory Committee on Streets, Roads, and Trails is included in the appendix of this report.

■ **Summary of Recommendations from May 2003 (MIFC) Report**

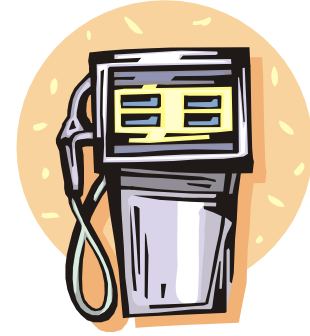
As noted above, a group entitled the “Mayor’s Infrastructure Finance Committee (MIFC)” preceded the work of the more recent SRT Committee. The MIFC released their Final Report in May, 2003. The Report contained the following recommendations:

Streets and Roads

MIFC identified a funding gap (*not including inflation*) for streets and roads of \$225 million over a 12 year period extending through the City’s Fiscal Year 2015. The following recommendations were offered by MIFC as an overall package to finance this gap:

- **Wheel Tax** - Raise the City’s current Wheel Tax by \$5 per vehicle on three occasions over seven years with increases occurring in calendar years 2004, 2007, and 2010. This change was projected to raise about \$29.8 million over a 12 year period.

- **Occupation Tax on Retail Sale of Gasoline** - Institute an “occupation tax” on the sale of gasoline at the retail level in the City of Lincoln. The tax was proposed to equal approximately 5 cents per gallon and would become effective January 1, 2004. This revenue source was estimated to generate about \$90 million over 12 years.



- **General Obligation (GO) Bond** - Seek voter approval of a \$96.5 million General Obligation (GO) bond for the construction of new streets and for street rehabilitation. Also suggested for inclusion on this bond issue were \$6.0 million for sidewalk maintenance and \$3.5 million for trails rehabilitation.
- **Development Impact Fees** - Assume as part of the overall program for gap funding, the receipt and expenditure of \$65 million in impact fees over the next 12 years for streets and highways.
- **Highway Allocation Bonds** - Utilize “Highway Allocation Bonds” authorized under Nebraska law to smooth the flow of revenues over the 12 year period in order to meet near term needs.

Water and Wastewater Utilities

MIFC identified a funding gap (*not including inflation*) for the City’s water and wastewater utilities of about \$130 million for each (or a total of \$260 million) over the next 12 years. MIFC recommended the following actions to address the water and wastewater funding gaps:

- **Disciplined Rate Adjustments** - The City needs to establish a more disciplined approach for systematically adjusting water and wastewater utility rates. In addition, as rates are periodically raised and increased revenues become available, rate payer funds should be used to support the issuance of revenue bonds to finance facilities needed for growth.
- **Reasonable Utility Rate Increase** - Utility rate increases should be sufficient to fund needed capital improvements but should not result in the imposition of unreasonable increases in user rates.

- **Water Rate Increases** - Annual increases in water rates of 3 percent to 5 percent should occur periodically during the next 12 years. This would build upon the 7 percent increase approved in 2003.
- **Wastewater Rate Increases** - Wastewater rates should be increased by 7 percent in 2003-2004, and then followed with periodic increases of 3 percent to 5 percent over the next 12 years.
- **Timing and Level of Rate Increases** - At no time should water and wastewater rates increase by more than 5 percent a year, and rate increases should not need to occur each year.
- **Other Administrative Recommendations** - The MIFC Final Report also stated a number of recommendations concerning the development of a long range financial plan for the utility systems, the potential impact of issuing debt on future revenue bonds, and the need to monitor utility rates against other similar communities.
- **Development Impact Fees** - Assume that impact fees totaling \$18 million will be available over the next 12 years to fund water and wastewater utility expansion projects.

■ **Changes in Past 12 Months**

Since the release of the Mayor's Infrastructure Finance Committee (MIFC) Final Report in May of 2003, the community has continued to work on solving infrastructure issues while other new financing challenges have arisen. Some of the local events transpiring over this last year that have impacted the work of the SRT Committee include:

- **Approval of Wheel Tax Increase and Issuance of Highway Allocation Bonds** - On August 18, 2003, the Lincoln City Council approved Ordinance No. 18227. This Ordinance effectively adopted the recommendation of the Mayor's Infrastructure Finance Committee (MIFC) to increase in the City's Wheel Tax. Increases of \$5 per passenger vehicle were set to go into effect at the beginning of calendar years 2004, 2007, and 2010. Based upon this approved revenue increase, the City Council subsequently approved Ordinance No. 18290 on January 26, 2004. This latter Ordinance authorized the issuance of Highway Allocation Bonds based on the projected

income stream from the increased Wheel Tax levy. The issuance of the Highway Allocation Bonds in March of 2004 yielded approximately \$37 million for use in building City streets.

- **Utility Rate Increases** – In August, 2003 – as part of the adoption of the City’s operating budget – the Lincoln City Council approved rate increases of 3 percent in water user rates and 7 percent in wastewater user rates effective at the latter part of the year 2003. The additional funds raised by these rate increases are going toward projects in the two utilities’ current capital improvement budgets.

- **Development Impact Fee Implementation** – On June 2, 2003, the City of Lincoln began collecting impact fees for building permits issued within the City. Earlier to this date – on February 25, 2003 – the Home Builders of Lincoln filed a lawsuit against the City of Lincoln challenging the constitutionality of these “impact fees” in the State of Nebraska. The case is presently before District Court Judge Paul Merrill, with briefs already filed on behalf of both the plaintiffs and defendants. While there is no certainty as to when the Judge will issue his finding, it is speculated that the Court’s finding could become known in April or May of this year.



- **Proposed State Fuel Tax Increase** – Bill No. 1181 was given first reading in the Nebraska Unicameral on January 21, 2004. Under the provisions of this legislation, the State’s tax on motor vehicle fuel would be increased by 2 cents. Revenues from one cent of this increase would be allocated to Nebraska cities, while revenue from the additional cent would go to Nebraska counties. The funds from this tax increase would presumably be used for street and highway improvements by the recipient cities and counties. The bill was designated as a priority bill by Lincoln Senator Beutler. By the time the bill was reported out of the Revenue Committee it was amended to reduce the tax increase from two cents to one cent. It was projected under the original legislation that the City of Lincoln would net approximately \$1.9 million annually, or the bonding equivalent of perhaps \$20 to \$25 million. If the bill passed as amended, the amount available to the City would be cut in half. The

bill was placed on General File but was never brought to a vote of the full legislative body.

- **Residential Lots on the Multiple Listing Service (MLS)** – During the first quarter of calendar year 2004, HomeServices of Nebraska reported a declining inventory of residential lots on the REALTORS® Association of Lincoln’s “Multiple Listing Service.” Residential lots listed on the MLS have dropped from 1,136 on January 1, 2002, to 654 lots on January 1, 2003, and then to 426 lots on January 1, 2004. A separate report by the REALTORS® Association of Lincoln indicated a total of 178 residential lots on the MLS on January 12, 2004. The HomeServices report also indicates that the average lot sales price sold by Home Real Estate increased from \$38,949 in 2002 to \$48,897 in 2003. The HomeServices report concludes that, “...the scarcity of lots in Lincoln is driving up lot prices at an inflated rate. There will not be enough lots in the near future to support the construction industry which will hurt the economy of Lincoln. Lincoln’s new home buyers are not able to support the large increase in lot prices, so the new homes they build are less expensive in relation to the lot.” The report goes on to note that “the value of the construction industry in our economy on just the new homes recorded in MLS is \$184,000,000 in 2003.” These in turn generate significant amounts of retail sales tax for the community. The report suggests that a decline in new construction could have a significant impact on city sales tax revenues.

■ Remaining Capital Funding Gaps

Great strides have been made this last year by the elected officials and the community as a whole to address Lincoln’s infrastructure funding needs – public revenues have been enhanced for installing street, water and wastewater improvements; revenue and Highway Allocation bonds have been issued; design plans and studies have been initiated or completed; and programs started to make efficient use of capital expenditures. But even with this progress, much work remains. Funding gaps are still evident.



(Note: In addressing on-going infrastructure funding requirements, the impact of inflation must be considered and addressed as part of any overall funding package.)

Streets and Roads

Based on the City's anticipated street construction schedule (and using an inflation rate of 3 percent per year), the **projected funding gap** is about **\$135 million** over the next six year period, with a \$90 million gap for the remaining six years. This brings the overall funding gap for Lincoln's streets and roads over the next 12 years to approximately \$225 million.

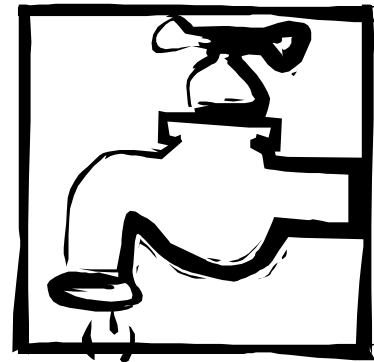
These funding projections assume the deferral of the east leg of the Antelope Valley roadway project and the development of the East Beltway beyond the 12 year programming period. The figures also assume the inclusion of \$2 million per year to acquire right-of-way along county roads along the fringe of the City and \$1 million increase in residential street resurfacing. Bond proceeds of \$26 million are also included as a revenue source in these calculations.

The City continues to seek Federal assistance in funding the Antelope Valley project and the Beltway system. A request totaling \$215 million over the next 6 years is being sought as part of the reauthorization of the Federal highway bill. Of this amount, \$50 million would be earmarked for the Antelope Valley effort, with the balance of \$165 million to go toward the construction of the South Beltway and associated improvements along State Highway 77. Any amount received from Federal funding sources and applied to Antelope Valley will reduce the funding gap for streets and roads by a like amount.

Water and Wastewater Utilities

The preliminary six-year CIP estimates of funding needs (including a three percent inflation factor) for the **water** and **wastewater** utilities are approximately **\$109 million** and **\$116 million**, respectively. (For the wastewater system, this figure includes a Stevens Creek trunk line extending to about Havelock Avenue. Extending the trunk line to Leighton Avenue would increase the total amount to about \$119, and extending the line to Holdrege Street would place the total near \$122 million.)

Funding for the base improvement could be achieved if water and wastewater rates are increased each of the next six years. The water rate increases would be in the range of 3 to 5 percent each year, while the wastewater rate increases would be about 3 to 7 percent each year.



■ **SRT Committee Findings**

This concluding section of the Final Report presents the findings of the Mayor's Advisory Committee on Streets, Roads, and Trails. These findings are intended to provide Mayor Seng and the Lincoln City Council with thoughtful guidance during their deliberations concerning our community's infrastructure funding needs.

The following SRT Committee findings were developed during three lengthy working sessions and numerous subcommittee meetings held over the last several months. These sessions and meetings involved dozens of representatives from across the community. This process was designed to solicit a wide range of thought on the best means for addressing the City's continuing infrastructure funding needs.

The balance of this section presents the SRT Committee's findings within the following seven areas:

1. Viable Options for Funding Streets and Roads
2. Impact Fee Backup Plan
3. Water and Wastewater Utility Rate Increases
4. Special Assessment District Review
5. Multi-Modal Transportation Statement
6. Rural-to-Urban Transition for Streets (RUTS)
7. Infrastructure Financing Community Engagement Program

1. Viable Options for Funding Streets and Roads

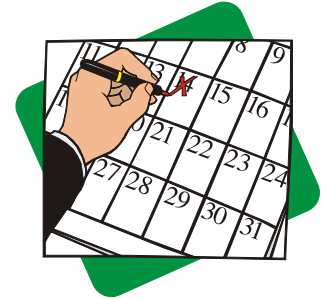
During their sessions, the SRT Committee sought to identify a wide range of options for the elected officials to select from in developing a preferred infrastructure financing plan.

The list of viable options suggested by the SRT Committee includes approaches put forth previously by the Mayor's Infrastructure Finance Committee (MIFC), as well as new ideas for meeting our infrastructure funding challenges.

Additionally the SRT Committee separated the list of viable options to "**Near Term**" (approximately the next 6 years) and "**Intermediate Term**" (approximately 7 to 15 years.) The list of funding options is presented below.

→ **Near Term (Approximately the Next 6 Years)**

- ***City of Lincoln General Obligation (GO) Bonds*** – General Obligation (GO) Bonds represent a potentially significant means of funding the expansion of the City’s street system. GO bonds offer a significant source of funds with a large degree of flexibility in their application. The use of GO bonds had been suggested last May by the Mayor’s Infrastructure Finance Committee (MIFC) but not action was taken at that time.



The SRT Committee decided to once again consider GO bonds as a option and concluded that they remain a practical and workable financing solution. If selected as a street construction funding approach, the SRT Committee suggests the Mayor and Council consider pursuing a GO bond issue in the range of \$60 to \$70 million. This amount is lower than what the MIFC had recommended last year – they urged the City to seek voter approval of a GO bond totaling \$106 million.

The SRT Committee does not state any specific time frame for when the GO bond issue should be placed before the electorate – however, they do advise that if GO bond approval is sought, the Mayor and Council should do so while interests rates are low and the City has its high bond rating.

In addition, the SRT Committee feels an extensive public educational program be undertaken in connection with the GO bond vote. It is imperative the electorate understand the value of investing in the City’s street network and the economic benefits accruing from these expenditures. While such a program would need to be conducted by a entity outside of the city administrative structure, it should be broad based and touch all segments of the community.

- ***Joint Public Agency*** – The City should consideration the formation of a Joint Public Agency (an “Agency”) under the Nebraska Joint Public Agency Act (Chapter 13, Article 25, Reissue Revised Statutes of Nebraska, as amended, the “Act.”) to facilitate improvements to streets, roads and trails. While similar to the Interlocal Cooperation Act (the “ICA”), there are significant differences which may benefit the City.

Under the Act, any two or more public agencies (defined in the Act as any county, city, village, school district, or agency of the state government or of the

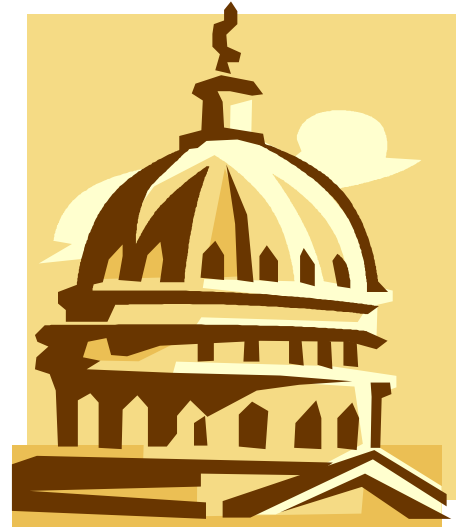
United States, any drainage district, sanitary and improvement district, or other municipal corporation or political subdivision of this state, and any political subdivision of another state) may enter into agreements (a “JPA Agreement”) with one another for joint or cooperative action pursuant to the Act.

The Act provides that the Agency formed under the Act may “perform any governmental service, activity, or undertaking which at least one of the participating public agencies is authorized to perform, subject to the same procedures, regulations, and restrictions as the participating public agency which is granted the power by law to perform the governmental service activity or undertaking.”

An Agency, in contrast to an entity formed under the ICA, may be granted the power to levy taxes, including occupation and wheel taxes. An Agency may **not** levy a local option sales tax. The participating public agencies may agree to allow the Agency to levy a property tax at a rate not to exceed a limit as provided in the JPA Agreement, subject to limitations provided in the Act. This levy authority is allocated as provided for in Section 77-3443 and the JPA Agreement may require allocation of levy authority by the City or the county.

Under the budget limitations for political subdivisions, cities may levy a maximum total of 45 cents per \$100 taxable valuation of property subject to the levy; plus an additional five cents may be levied only to provide financing for the City’s share of revenue required under an agreement or agreements executed pursuant to either the ICA or the Act.

An Agency has independent authority to issue bonds which may be revenue or general obligation bonds in accordance with the provisions of the Act. And may pledge any taxes it is granted authority to levy to the payment of its bonds.



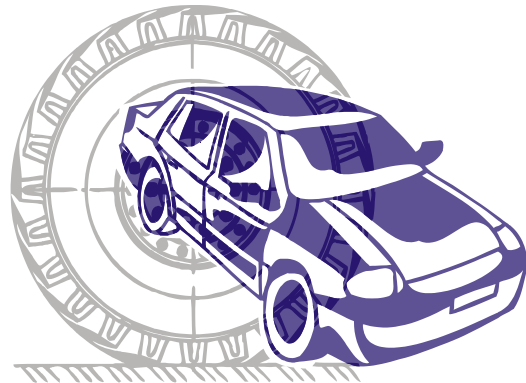
- ***City Occupation Tax on the Retail Sale of Gasoline*** – A second funding approach recommended previously by MIFC and considered once again by the SRT Committee is an occupation tax on the retail sale of gasoline within the City of Lincoln. This tax could be levied under current City statutes following

a public hearing and a vote by the City Council and approval by the Mayor. The tax would be applied against the gross receipts of gasoline sold at the retail level within the City.

The SRT Committee believes the occupation tax provides a reasonable method for generating revenues from users of the street system. In contrast to the MIFC recommendation, the SRT Committee suggests that if selected as a funding source the initial charge should be set at approximately three (3) cents per gallon – or, two cents lower than the five (5) cents per gallon level recommended in May of 2003 by the Mayor’s Infrastructure Finance Committee. The three cents per gallon levy could then be monitored and adjustments made in response to ongoing market conditions and funding requirements.

- ***Vehicle Retail Sales Tax Receipts*** – The City collects approximately \$4.8 million annually in tax receipts from the retail sale of vehicles in Lincoln. These funds are currently deposited in the City’s “General Fund account” and are used for routine municipal operations. The SRT Committee feels these sales tax funds – because they are generated from the sales of vehicles that contribute to the demand for additional roadway capacity – should more properly be used for street construction.

Since the immediate diversion of these funds for street construction would have an appreciable impact on the City’s “general fund budget,” the SRT Committee suggests that if this approach is used the sales tax funds be diverted gradually over a three year period. By slowly shifting the funds from general fund use to the street capital budget, replacement funding for routine operations could be built into city’s operating budget. A commonsense replacement source would be property taxes since they typically serve to finance day-to-day municipal services.



- ***Interlocal Agreement between Lancaster County and the City of Lincoln*** – Unlike the other funding options being put forth, the SRT Committee hardily **recommends** the Mayor and City Council work closely with the Lancaster

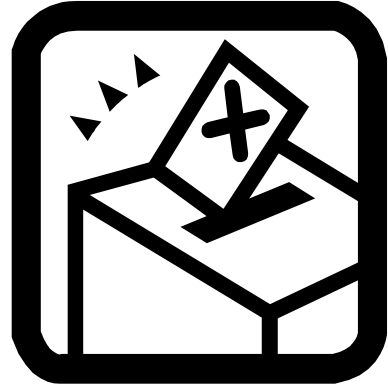
County Board of Commissioners to craft an Interlocal Agreement to accomplish two primary goals:

(1) Seek agreement on ways for the County to contribute toward the building of roads that promote planned growth along Lincoln's urban fringe. Lancaster County presently benefits financially from a property tax base that encompasses not only the rural unincorporated areas of the County but also incorporated municipalities such as Lincoln. While providing certain services within the incorporated areas (e.g., City of Lincoln), the County does not participate in funding street construction within these areas. The SRT Committee feels that the City and County should open a meaningful dialogue to discuss further cooperation on growth related road construction initiatives. This dialogue should logically conclude with an Interlocal Agreement between the two jurisdictions on the best means for accomplishing this shared objective. The discussions should begin immediately and an Agreement put in place within a three to four month period.

(2) Jointly implement a program for building specially configured county roads in areas of the County likely to see urbanization in the middle to longer term. This system of road construction involves a logical roadway evolution from initial ROW acquisition, surface grading, and road construction sequencing. This approach is described in more detail later in this report.

- ***Continue to Seek Increase in State Fuel Tax Dedicate to City and Counties*** – As noted earlier in this report, the State Unicameral had been considering a bill (No. 1181) to increase the State Fuel Tax by two cents with the resulting revenues earmarked for Nebraska cities and counties. Even with the expressed support of Governor Johanns and many Lincoln Senators, the bill was not passed during the 2004 Legislative session and its future remains uncertain. This option remains a potentially feasible funding alternative although it may take several legislative sessions to realize its passage. This option provides no near term funding relief but is worth pursuing during the next legislative session. The Mayor and City Council (along with Lancaster County and other sympathetic jurisdictions and organizations in the State) should consider strategies for lobbying the Unicameral on this matter and examine means for cooperatively seeking the bills eventual passage.

- ***Seek State Contribution to South Beltway Local Match*** – As currently programmed, there are no State funds going toward the construction of the South Beltway – even though the facility will become a State highway once it is constructed. The present funding arrangement seeks 80 percent funding from the Federal government in the form of a demonstration grant, with the 20 percent “local match” coming from the City of Lincoln. This local match is projected to be around \$30 million over the next 6-plus years. The City should consider discussing other funding combinations with the State that could ultimately reduce Lincoln’s total contribution and thus free up City funds for other local projects.



- ***Strongly Lobby for Additional Federal Funds*** – Federal transportation funds are being sought for the construction of the South Beltway and the Antelope Valley project. The total reported amounts are around \$165 million for the South Beltway and about \$50 million for the Antelope Valley roadway. Legislation currently being debated before the United States Congress would not provide Federal funding up to these desired levels. While this may be the present situation, the City should continue to work closely with our Congressional delegation to seek the Federal funding required for these projects. The City’s lobbying efforts should continue as the legislation is implemented over the next several years and the Congress revisits the funding allocation in future legislative sessions.

→ **Intermediate Term (Approximately 7 to 15 Years)**

- ***Joint Public Agency (JPA)*** – Should a Lincoln-area JPA be created early in the programming period, one could logically conclude it would remain in place into the second phase. Such an agency should be able to provide a sustainable funding base for on-going street projects and contribute an appreciable amount of funds to meet the community’s overall street financing needs.
- ***Worker Tax*** – A potential funding option the SRT Committee suggests the Mayor and City Council consider as a longer term funding source is a local “worker tax.” This tax would be collected from all persons employed in Lincoln – thus capturing funds for road construction from not only City residents working in Lincoln but also persons who work in Lincoln but reside outside the municipal limits. While the specifics of such a tax still need to be

worked out, it has been suggested that perhaps a flat per person rate of \$10 per year be used as the initial levy. The City's legal authority to institute such a tax also needs to be researched as it is probable that State legislative authorization will be needed.

- ***Interlocal Agreement between Lancaster County and the City of Lincoln*** – As part of Phase I, the SRT Committee had specifically recommended the City and County work toward adoption of an Interlocal Agreement involving shared road constructions funding along the urban fringe and the introduction of design standards for constructing rural roadways that can be cost effectively transitioned to urban streets in the future. The SRT feels that if the City and County are able to put this Agreement in place it should continue throughout the balance of the planning period. Modification or adjustments to the Agreement should of course be made as circumstances warrant.
- ***Continue to Strongly Lobby for Additional Federal Funds*** – Unless governmental funding methods change dramatically over the next decade, the Federal government will remain a potentially significant source of street and roadway funds. As Lincoln officials pursue funding for the South Beltway and Antelope Valley projects over the next six years, the SRT Committee feels that the City should not lose sight of the continuing role the Federal government can play in financing street construction. Funding for other street projects will undoubtedly remain an issue well beyond the initial six years of this endeavor. The City should work to preserve close ties with our Congressional delegation and brief them regularly on the community's transportation facility needs.
- ***Second Generation of Infrastructure Financing Options*** - While the projected funding gap for street construction moderates after the initial six year planning period, a substantial funding imbalance remains. In looking toward the future, the SRT Committee believes a second generation of infrastructure financing options should be given serious consideration. It is difficult to predict at this writing the ultimate funding sources that will be used over the next six years and the resulting street construction schedules. Even with this element of uncertainty, the Committee believes the City should anticipate an additional round of needed funding sometime in the six to ten year time frame. This decision will hinge on many factors, including prevailing economic conditions, the sustained viability of all street funding sources, the demand for public bonding by other local taxing authorities, and other pertinent financial and political factors. The community should be closely consulted in the future to determine what they view as the most viable funding sources and priorities.

2. Impact Fee Backup Plan

As noted earlier in the report, there is currently a case in District Court challenging the legality of the City's recently adopted impact fee ordinance. While the outcome of the lawsuit may be known soon, the SRT Committee felt it important the City have an alternative method of collecting funds from the development community for constructing infrastructure should the Courts rule against the City.

On this basis of this objective, a SRT Subcommittee headed by Jan Gauger met several times over a period of weeks to craft a conceptual "impact fee backup plan." The purpose of this plan is to layout "negotiation standards" for the City to employ in discussions with developers as new areas are annexed into the City. The scope final text of the "impact fee backup plan" developed by the Subcommittee and adopted by the SRT Committee is as follows:



Streets and Roads

- A. *Development of an interlocal agreement between the City and County to implement the concept presented by Public Works & Utilities. This plan is based on early acquisition of a full 120 feet (130 at intersections) of right-of-way, grading to City specifications, open storm water drainage, drainage structures and 2 lane asphalt county road off center – until streets are converted to concrete and at which time storm water drainage is enclosed.*
- B. **Residential:** *Developers will contribute on a per residential acre basis, the cost to build 1 and ½ lanes of urban street (including reimbursement for the initial right-of-way, grading and drainage structures to the extent attributable to the section being developed) abutting the land to be annexed at time annexation agreement is entered in to with the City. Developer pays a pro rata share of the cost at the time of final plat. Pro rata cost equals total cost of 1 and ½ lanes around the complete section divided by the number of acres in the section times the number of residential acres included in the developer annexation agreement.*

Commercial/industrial *development will contribute on a per acre basis the cost to build 1 and ½ lanes plus an additional ½ lane of urban street. Any additional traffic signals and turn lanes necessitated will be the*

responsibility of the development. The exact per acre road cost should be based on the general land uses within the final plat, such as mixed retail/office, warehouse, industrial, and residential so that each use pays a fair share proportional to its traffic generation.

Public Land: *Public land is land to be used for community benefit such as schools, fire and police stations, LES substations, and parks. Private developers will not be assessed the per acre cost for public land within the development.*

- C. If the arterial streets leading to and abutting the section are not paved, then the funds should be used to logically extend the arterial street system that is within one mile of the section. If the streets leading to and abutting the plat have already been paved, then funds may be spent on arterial street improvements within three miles of the section as approved and prioritized in the Capital Improvement Program. If any such funds contributed by a developer have not been expended for street construction within 8 years of the date of the contribution, such funds shall be refunded, with the interest earned by the City.*
- D. Land in the section that is not covered by the original annexation agreement (hold out land) will eventually contribute to street construction costs on the same pro rata basis (see B above) through annexation agreement or contract zoning*

Water and Wastewater

*If connection fees are not an option, developers will contribute on a per acre basis for the land annexed at time annexation agreement with the City. Developer pays a pro rata share of the cost at the time of final plat. The water cost would be to provide for the average cost for the city of water distribution mains. The wastewater cost would be for approximately **half** of the average cost for the city of sanitary sewer trunk lines.*

Neighborhood Parks & Trails

Developers will contribute on a per residential acre basis for the land annexed at time of annexation agreement with the City. Developer pays a pro rata share of the cost at time of final plat. The cost would cover

the neighborhood park needs within the section for land acquisition and park improvements and trail surfacing.

On a split vote of eight “yes” to five “no’s, the SRT Committee also passed the following statement regarding the use of the backup plan in relation to the pending lawsuit:

“The SRT Committee recommends that the City carefully review and consider the ‘Impact Fee Backup Plan’ in terms of resolving the existing litigation on impact fees.”

3. Water and Wastewater Utility Rate Increases

The SRT Committee recognizes the community’s interest in further adding to all part of the City’s infrastructure support systems -- not merely streets and highways. Specifically this means the continued expansion and upgrading of the City’s water and wastewater systems so that additional developable land can be brought on-line. In this regard the SRT Committee supports the water and wastewater rate increases proposed by the City’s Public Works and Utilities Department as part of the next fiscal year’s Capital Improvements Program. These proposed annual rate increases are as follows:

Fiscal Year	Water	Wastewater
FY 2003-2004	3%*	7%*
FY 2004-2005	5%	7%
FY 2005-2006	5%	7%
FY 2006-2007	5%	7%
FY 2007-2008	5%	7%
FY 2008-2009	3%	3%
FY 2009-2010	3%	3%
FY 2010-2011	3%	3%
FY 2011-2012	3%	3%
FY 2012-2013	0%	3%
FY 2013-2014	0%	3%

(*Already approved as part of the FY 2003-2004 Budget.)

4. Special Assessments Districts Review

During the Subcommittee deliberations on the “Impact Fee Backup Plan,” the question was raised as to why the City did not utilize “special assessment districts” on a more routine basis for the installation of certain types of infrastructure facilities. The Subcommittee recommended and the full SRT Committee approved the following text

relating to a potential review of the City's present policy concerning special assessment districts:

The Mayor should appoint a citizen committee whose task would be to examine the potential role "Special Assessment Districts" could play in installing City street and road improvements as part of the fringe urban growth and development process. This committee must be representative of the range of geographic and community and business interests from across the Lincoln area, and fairly balance the diversity of thought regarding Lincoln's planning and development approach.

Article VIII of the Lincoln City Charter and Chapter 3.12 of the Lincoln Municipal Code define the conditions and procedures for utilizing Special Assessment Districts. The City may employ such districts to build a wide range of public improvements, with the costs for such improvements assessed to benefitting property owners. Special assessment districts have been and are used selectively by the City today to pave streets and install associated improvements.

Under the provisions of the Charter and Ordinance, the City essentially "up-fronts" the expense of street projects by paying for the construction of the improvement. "Benefitted property" – that is, land typically abutting the road project – are assigned to a "special assessment district" by the City Council. This assignment of property is done following a defined public process that includes a hearing before the City Council. Following completion of the project, property owners within the district are allocated a portion of the cost of the improvement. They are subsequently allowed a specified period of time to repay to the City their assigned cost of the improvement.

The mission of this citizen review committee would be to examine with City staff the present and future application of the current "Special Assessment District" procedure in advancing the construction of streets as part of urban development along the City's fringe. The specific areas to be considered by the review committee should generally include:

- *Review present City Charter and Code requirements and restrictions for applying the Special Assessment District concept to street and road construction.*
- *Examine the City's current practice of utilizing Special Assessment Districts throughout Lincoln.*

- *Define options to possibly expand the use of Special Assessment Districts for constructing streets within the City's urban fringe growth areas.*
- *Evaluate the full range of benefits and liabilities to the City from expanding the use of Special Assessment Districts for road and street construction.*
- *Determine the merits and relationship of the Special Assessment District approach with other City planning and growth functions, such as annexation and subdivision policies and procedures.*
- *Assess the near- and long-term fiscal significance to the City of Lincoln of utilizing Special Assessments District, including the implications on the City's bonding capacity, cash flow, capital improvements programming, and budgetary priorities.*
- *Examine the conditions and legal standards (i.e., statutory and case law) for determining "benefitted properties" and the implications that these have for the application of the present Special Assessment District concept*
- *Identify possible changes in State and local statutes to facilitate and insure the long term viability of Special Assessment Districts as a logical funding, planning, and growth management tool for the City of Lincoln.*
- *Review and evaluate mechanisms for applying the Special Assessment District concept as part of a City-County Interlocal Agreement, most notably for the acquisition of public right-of-way, roadway grading, roadway design, and construction.*

5. Multi-Modal Transportation Statement

Since mid-calendar year 2003, a 16 member "Multi-Modal Transportation Task Force" has been meeting monthly to develop a "Multi-Modal Transportation Plan" for the greater Lincoln area. This Plan is nearing completion and is expected to be submitted to the Mayor within the next few months. In recognition of their work and the SRT Committee's charge to include trails funding in their work, the SRT Committee adopted the following statement regarding the work of the Multi-Modal Task Force and related funding requirements for multi-modal programs:



“The Streets, Roads, and Trails (SRT) Committee was charged with assessing the costs and proposed financing options for the city’s transportation system, including the trail system.

The SRT Committee, being apprised of the work of the “Multi-Modal Transportation Task Force,” which was formed to do a needs assessment of alternative modes of transportation including the City’s trail network, sidewalks, and its transit system, and transit oriented planning, along with determining any funding deficient therein; believes that the recommendations of the Multi-Modal Transportation Task Force is better suited to the task of evaluating those needs and making recommendations.

The Mayor’s Infrastructure Finance Committee recognized that funding deficiencies existed in the City’s trail network and 3.5 million dollars was recommended to repair the existing trail network. A majority of the members of the SRT Committee feel that the recommendations of the Multi-Modal Transportation Task Force will provide a more comprehensive analysis of both those deficiencies and designing funding options to address not only trail needs, but needs for all forms of alternative transportation.

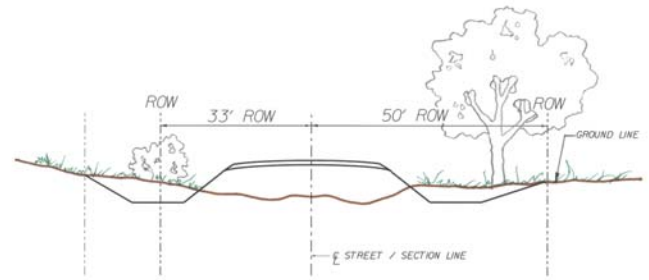
Therefore, the SRT Committee would like it to be known that they support efforts by the Mayor and the City Council to work with the Multi-Modal Transportation Task Force to develop financially prudent recommendations.”

6. Program for the Efficient Conversion of Rural Roads to Urban Streets

One of the primary principles of the Mayor’s Infrastructure Financing Committee (MIFC) during their 2003 deliberations was finding ways to trim road development costs wherever reasonably possible. These cost savings could in turn reduce the projected overall funding gap for streets and roads.

One of the ideas emerging from this effort was to look carefully at how county (i.e., rural) roads are designed and constructed. The objective of this approach was to get the most use out of the public’s investment in these county roads as the city moves into urban fringe areas. This lead to discussions between the offices of the City and County Engineers on how right-of-way is acquired, the standards used to grade roadways in the county, and the road surface that is actually built:

- Right-of-Way (ROW) Standards and Acquisition** – Because of the traffic demands placed on streets and roads in each jurisdiction, the City and County have varying right-of-way standards. Most County section line roads have traditionally used a 66 ft. ROW. As traffic increases and safer roadway designs are called for, Lancaster County will seek to expand the ROW to 100 ft. This additional right-of-way is often acquired by Lancaster County either through direct purchase or through dedication by the adjacent property owner.



TYPICAL
RURAL ROAD

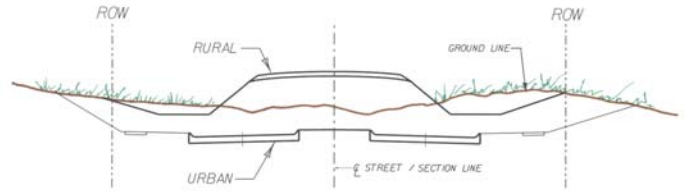
City streets, on the other hand, demand an even wider ROW to ensure driver safety, to accommodate higher traffic volumes, and to house other public infrastructure (such as utilities, sidewalks and trails, and landscaping.) The City's ROW standard for arterials is typically 120 ft. for newer areas, with 130 ft. sought at major intersections. The cost of acquiring this additional ROW can become very expensive as urban uses take hold and the land values rise.

Thus as a means for reducing public costs over the long term, the City and County are exploring ways to acquire the full 120 ft. of ROW needed for urban streets well in advance of urbanization. This would allow the City and County to purchase land for right-of-way at lower rural prices.

This approach, however, requires funds be made available well in advance of any actual city road project. The cost savings is realized in the long term as the right-of-way will be in place when the urban roadway needs to be constructed by the City in the future.

- Roadway Grading Standards** – Grading for a rural road is very different from that of a city street. The rural road is typically higher in the middle to drain water off the road's surface into adjoining open ditches. The city street – because of stormwater and traffic safety requirements – is likely to be less arched and is designed to drain surface water into a system of curb, gutters, and stormwater pipes.

Added to this situation are grading standards for how the road follows the natural topography of the land. Rural roads – in Nebraska especially – tend to mimic the natural “ups-and-downs” of the rolling country side. City streets, on the other hand, need to follow flatter profiles so that traffic flows more smoothly and conflicts are minimized.

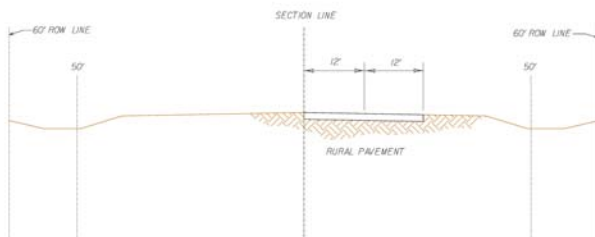


WHEN URBAN MEETS RURAL

The grading costs between a rural road and a city street can be substantial. The natural flowing profile of a rural road demands much less grading and earth moving. Also, waiting to establish the proper road alignment after urbanization occurs creates other development design problems, such as establishing driveway and street locations, the need for expensive retaining walls, pedestrian access concerns, and problems of on-site grading for adjacent subdivisions.

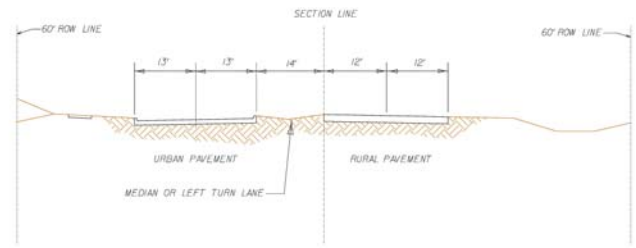
In short, the earlier that the alignment and profile of a future roadway can be set, the lower the ultimate cost to both the public and private sectors as the City grows and new development takes place.

- Prolonging Pavement Life by Using Off Set Roadways** - County roads, when properly maintained, have a projected life of many, many years – in some cases even decades. It is to the tax payers benefit to ensure that this investment is utilized to its fullest. If a county road having many remaining years of usable service must be torn out to install a city street, that remaining service life is lost and public funds are squandered. The most prudent policy would be to ensure that no portion of the county road’s service life is lost but rather is built into a workable roadway design scheme.



THE FUTURE
PHASE I - 24' RURAL PAVING

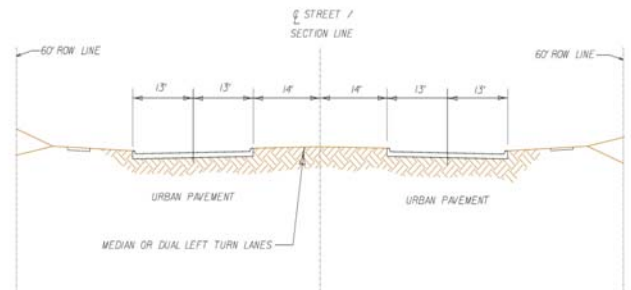
One suggested means for maximizing the investment in rural roads is to “off set” the road’s construction. The middle point of most roads and streets are typically placed on what is called the “center line.” This is the point generally at the center of the right-of-way. For example, within a 100 ft. ROW, the “center line” would be placed 50 ft. from both edges, thus splitting the ROW in half.



THE FUTURE
PHASE II - ADD 2 URBAN LANES

Under a traditional design, the center of the rural roadway would be placed on the “center line,” with the pavement for the road surface itself extending outward from that point by perhaps 12 to 13 feet. At such time as the roadway is upgraded to a city street, this pavement would need to be removed, the surface re-graded, and a new urban section installed. If there is any useful life left in the rural roadway, it is of course lost when the pavement is removed.

An alternative design would shift the rural roadway to one side or the other of the available right-of-way. The edge – rather than the middle – of the pavement would likely fall on or near the “center line,” thus leaving the remaining ROW unencumbered for future street construction.



THE FUTURE
PHASE III - 4 LANE SECTION WITH 28' MEDIAN

As the demands of urban traffic grows, a city-style street can then be built adjacent to the rural roadway in the available right-of-way. This not only allows for the fuller use of rural roadway but also permits traffic to continue to move through the area even when the new roadway is being constructed – thus minimizing traffic disruption to the traveling public.

At some future date, the rural pavement – its useful life expended – can then be removed and replaced with an urban street, and a fully mature urban roadway put in place. This ultimately saves on overall street construction costs and reduces traffic congestion during construction.

7. Community Dialogue Forums

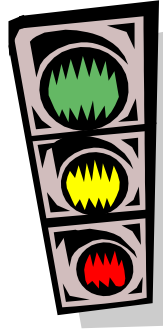
The next step in this process is to hear from the community on the funding options identified by the SRT Committee. This most important of all the phases involves a series of “Community Dialogue Forums.” These Forums will offer citizens the opportunity to share their questions and concerns about how to proceed with funding necessary street construction and improvements.

The goal of this community dialogue process is to include citizens from every neighborhood and sector of the City, and people from every profession and background. Plans call for five forums – one to be held in each of the four City Council Districts, and a final meeting in a Downtown location.

Representatives of the Streets, Roads, and Trails (SRT) Committee will be on hand to share key elements of their discussions that led to this Interim Report and will provide additional background on the options being considered by the community. Those attending the Forums will have an opportunity to provide comments on any and all of the various funding options and on the street, road and trail projects they view as critical to the future of the community. The results of these forums will be a proposal for addressing Lincoln’s infrastructure needs that has the most community support and agreement.

*F:\FILES\PLANNING\MIFC\SRT\FINAL_REPORT_V_2.0 for pdf.wpd
April 27, 2004*

Appendix



Mayor's Charge Statement to the Streets, Roads, and Trails Committee

Mayor's Advisory Committee on Streets, Roads, and Trails (SRT)

Charge to the Committee

General Charge to Committee

The Streets, Roads, and Trails (SRT) Committee shall seek a community consensus on how best to finance Lincoln's future street, roads, and trails funding gap.

This task should be accomplished primarily through educational and informational activities designed to show Lincoln area residents the importance of infrastructure maintenance and expansion to the city's long term quality of life and economic vitality.

The Mayor's Infrastructure Finance Committee (MIFC) completed months of research and common dialogue concerning realistic financing options for maintaining Lincoln's existing public infrastructure, while delivering the public infrastructure required to further planned community growth. The Committee's effort culminated in a recommended comprehensive financing package submitted to local elected officials in May of 2003.

The MIFC Committee recommendations were developed and offered by Mayor Seng as a cohesive five part finance package to create an ongoing funding stream for infrastructure maintenance and expansion which included:

- ❑ A disciplined systematic approach to adjust **water rates** to increase revenues that support revenue bonds for system wide expansion and facility enhancements. The utility fee increases should occur on a periodic basis over the next twelve years and should not exceed 5 percent in anyone year.
- ❑ A disciplined systematic approach to adjust **wastewater rates** to increase revenues that support revenue bonds for system wide expansion and facility enhancements. The utility fee increases should occur on a periodic basis over the next twelve years and should not exceed 5 percent in anyone year.
- ❑ Institute periodic increases in the City's **Wheel Tax** – specifically a \$5 increase in calendar years 2004, 2007, and 2010 – with the additional revenues going directly toward the construction of new and improved streets and highways.
- ❑ Establish an **“Occupation Tax” on the retail sale of gasoline** within the City of Lincoln equal to approximately 5 cents per gallon effective in the year 2004.
- ❑ Seek voter approval of a **General Obligation (G.O.) Bond** totally approximately \$106 million for **transportation system improvements**. Funds were to be earmarked for roadway

construction and improvements, existing arterial and residential street rehabilitation, sidewalk reconstruction, and maintenance of existing trails.

In August 2003 the City Council adopted three of the five components by approving a water rate increase, wastewater rate increase and a three step increase in the wheel tax. The largest funding gap remains unresolved. Funding for streets, sidewalks and transportation remain the key issue that must be addressed and resolved.

Since the streets, roads, and trails funding proposals were not adopted by the City Council the SRT Committee is to focus on seeking a resolution to close the funding gap through continued pursuit of a possible government bond issue and other new revenue sources that will increase local or state funding targeted toward transportation infrastructure. The SRT can conduct additional research if necessary, but the research shall not revisit issues that have already been resolved by the Committee -- rather it should seek clarification and refinement to the implementation of the Committee's May 2003 package of recommendations.

Key Working Assumptions

1. The City-County Comprehensive Plan serves as the basic framework for determining assumed future rates of growth and development – particularly for the 12 year planning horizon assumed by the MIFC. For purposes of examining future construction and funding needs, an effective period of up to 15 years should be used. The implementation of the Comprehensive Plan should be closely coordinated with the City's capital budgeting process. The balancing of growth and public revenues should be a consideration in determining public planning and financing policy.
2. The funding priorities remain maintenance of existing facilities which shall be given primary consideration, followed by projects of broad community benefit, and infrastructure improvements that further planned urban growth.
3. Sidewalk rehabilitation funding needs should be assumed to be \$6 million and trail rehabilitation funding needs should be assumed to be \$3.5 million over the 2004 to 2009 time period.
4. Revenues from the development impact fees program as implemented in June 2003 are part of the overall funding package.
5. The Committee's area of responsibility shall remain limited to transportation infrastructure (i.e., streets, highways, trails and sidewalks), water, wastewater, stormwater, and park facilities.
6. Implementation of the "Cost Savings and Efficiency Recommendations" are assumed to occur during the time period covered by the SST Committee's work.
7. The City is instituting a process to periodically assess street conditions to determine the appropriate rehabilitation program in accordance with the recommendation in the Mayor's Infrastructure Finance Report issued in May 2003. The current program budget allows for

rehabilitation of approximately 100 blocks of residential streets per year. Pending the final outcome of the street condition assessment program, the SST Committee should plan adequate funding to accommodate an increase in rehabilitation to a total of approximately 200 blocks of residential streets per year for up to a maximum of 5 years.

Time Frame and Reporting

The Committee shall serve for a period of up to one year, or as otherwise determined by the Mayor.

Additional Assumption Added to Charge Statement: Street Rehabilitation

"The City is instituting a process to periodically assess street conditions to determine the appropriate rehabilitation program in accordance with the recommendation in the Mayor's Infrastructure Finance Report issued in May 2003. The current program budget allows for rehabilitation of approximately 100 blocks of residential streets per year. Pending the final outcome of the street condition assessment program, the SST Committee should plan adequate funding to accommodate an increase in rehabilitation to a total of approximately 200 blocks of residential streets per year."